

# Bulletin

## Industry Divisions



Reference No. Price rise for carsales/mm-8-22

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## Price rise for carsales.com.au users and unworkable leads

Members are advised of an Extraordinary Meeting held 21 August 2022 of the carsales.com.au-VACC Dealer Advisory Board (DAB).

The meeting was called at the request of carsales.com.au to advise the DAB that the annual fee increase for leads charged to dealers by carsales.com.au would be introduced from 1 October 2022. This is further to the carsales.com.au lead rate increases that became active in January 2022.

VACC has been advised that carsales.com.au has begun communicating with a select group of its clients about the new price structure and that carsales.com.au will formally advise their entire customer base of the price structures on Friday, 26 August 2022.

### What will the new pricing structure look like for dealers?

The VACC dealers who participate on the DAB were advised that the fee increases will see:

- A used car lead increase from \$60 to \$65 per lead.
- A new car lead to increase from \$54 to \$59 per lead.
- For cars priced over \$70,000 an increase from \$65 to \$68 per lead.
- An \$80 per month increase to the monthly Auto Gate subscription price.
- No confirmation of private advertiser price changes.

Dealers will gain the following products from carsales.com.au:

- Free access to SMS lead notifications from consumers (valued at \$90 per month) and;
- Free SMS Auto Response (valued at \$45 per month).

### About the rate increase

The meeting was advised that the new pricing structure was introduced as a result of a decision made by the carsales.com.au Board, citing a rising cost in doing business. The new price structure was originally slated for January 2023 but bought forward to 1 October 2022.

It is a commercial reality that businesses must recoup costs and generate a profit to survive. Whilst it is the prerogative of carsales.com.au to charge a fee that it sees as fit, it is the prerogative of industry to be price and product savvy when it comes to their on-line classified spend.

## **What is the VACC DAB participants reaction to the new pricing regime?**

The announcement of the fee increases disappointed the DAB members, as it will affect the wider VACC LMCT cohort. With stock and skill shortages affecting all dealers, another unexpected and unbudgeted expense detracts from the dealership bottom line.

Price increases such as this should not detract from some of the excellent achievements of DAB since January 2021. Those achievements include:

- Rectifying years old issues with the Autogate and AutoGate App.
- Introduction of AI technology to identify leads that had a malicious intent.
- Mirroring of what stock is available on OEM website ( virtual cars).
- Ability for Auto Pro notification to cap a certain number of leads per vehicle (for e.g., 5 leads).

VACC acknowledges the commitment of the carsales.com.au DAB representatives to seek constant improvement from their platform for the benefit of dealers.

## **What dealers must consider moving forward**

It is the view of DAB that at some stage dealers will need to make a firm decision based upon how equitable it will be for their businesses to continue to use the many on-line classifieds providers that exist in their market as a tool for selling vehicles. Dealer Principals, Chief Financial Officers and those in the financial reporting chain will need to measure their own costs of doing business to truly inform themselves of how much they actually spend with the many providers that exist in the on-line classifieds arena.

It was discussed that fee increases from all on-line classified providers may be palatable to some dealers if the product delivered was of premium quality and was not labour intensive. For instance, DAB advises that the introduction of a simple and efficient end to end process introduced from carsales.com.au to eradicate and re-credit unworkable (aka 'dud') leads still does not exist.

This is not to say that all leads that dealers claim are unworkable or unsuccessful should be credited back to the dealer without an investigation or the issue of an instantaneous credit. This is saying that the decision on whether a credit is generated must be resolved and communicated to the dealer in a more expedient manner. It is a difficult issue but one that uses much dealer resource.

## **Please take this 2-minute survey**

To assist in measuring the extent of the issue of unworkable leads from all on-line classifieds' suppliers, VACC requests that you take the following [2-minute survey](#).

The survey seeks to:

1. Quantify and qualify where dealers are, or are not, subjected to unworkable (dud) on-line classified supplier leads, and;
2. Ensure the people who ultimately pay the bills at each dealership and conduct monthly financial reporting to the business owners can measure their return on investment and be aware of their monthly commitment to on-line classified providers.

If you have multiple franchises within your group, it would be good to have the survey data per dealership.

**Other**

Please feel free to reach out to me at any stage to discuss this issue.

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